

ACTION SUMMARY

BOARD WORKSHOP MEETING

May 16, 2005 – 9:00 a.m.

**Administration Building
2101 Hurley Way, Sacramento, CA**

CALL TO ORDER

President Granados called the meeting to order. Board Members Present: Engellenner, Goold, Granados, Kelly, Lawson [9:10 a.m.], Trujillo, Valley. Directors Duveneck and Jones, absent.

Staff: Fire Chief Martinez, Board Clerk Tilson, Deputy Chiefs Appel, Means, Plessas, Ritter; Finance Director Houghton, Accounting Supervisors Anderson and Kelly, Purchasing Agent Connor, Financial Analyst Whitcomb; Assistant Chiefs Baltzell, Haverty, Johnson, Mugartegui; Fire Marshal Dobson, Deputy Fire Marshal Stewart; Captain Monahan; Administrative Coordinator Safford, Fire Inspector Angelo, Office Manager Guinn, Fleet Manager Wasina, Logistics Manager Cole, Facilities Manager Evans.

PLEDGE

PUBLIC OPPORTUNITY TO DISCUSS MATTERS OF PUBLIC INTEREST WITHIN DISTRICT JURISDICTION ON ITEM (S) SCHEDULED ON THE AGENDA:

None

BUDGET AND FINANCE—(Houghton)

Finance Director Houghton gave a PowerPoint presentation providing a general overview of the budget process to include, among other things:

- Preliminary Budget – A budget is required by law to be in place before the budget year commences; however
 - Property tax assessments are not known.
 - Fund balance is not yet determined.
 - Requires approval prior to June 30

- Final budget refines the unknowns from the Preliminary budget
 - Due by October 1.
 - Projected Revenues – estimates are more accurate since revenues from previous fiscal year are now known, as well as
 - Property tax values are known.
 - Fund balance (rollover) is known.
 - Budget monitoring – Monthly during the year
- Budget modifications periodically during the year
 - Board may initiate budget modifications for:
 - Unanticipated events
 - New policies
 - Shortfalls/increases in projected revenues
 - Revised expenditure projections
 - Move Reserves to accommodate above events
- Budget process starts in February
 - Request input from managers and compile data.
 - Determine staffing requirement and related costs.
 - Calculate the Gann Appropriations Limit (the limit is a cap on expenditures imposed by the State Constitution). The current budget at \$139,960,779 is 68% of the FY 2006 Gann Limit spending cap of \$207,362,694.
- There is always an exception when Revenues are not equal to Expenditures
 - Deficit requires a transfer from:

- Reserves for Capital Improvement Program	10,071,450
- Fund Balance One-Time Only Expenditures	<u>1,210,000</u>
	\$11,281,450
- Total General Fund Reserves on March 31, 2005 \$32,576,043
- Components of Revenue

• Property taxes	86%
• Fees for Services and Miscellaneous Revenues	10%
• Government Agencies, Fines, Interest Income	4%
- Property Tax revenue collection timeframe – Twice a year around December 10 and April 10

- Components of Operating Expenditures
 - Salaries and Benefits 83.67%
 - Services and Supplies 11.42%
 - Interest Expense, Taxes, Licenses, Fees 1.97%
 - Fixed Assets 2.94%
 - 100.00%
- Fund Balance
 - Determine end-of-year Fund Balance using best estimates (projections) of actual 2004/2005 revenue and expenditures versus budgeted revenues and expenditures
- Reserves
 - Undesignated
 - Unrestricted as to use
 - Designated
 - Restricted by Law or by Board of Directors
 - Development Fees (Impact Fees)
 - Restricted to capital improvements only

Estimated Reserve Balances at July 1, 2005:

- Undesignated Reserves	\$19,600,000
- Designated Reserves	3,400,000
- Capital Improvement Reserves	<u>13,000,000</u>
	\$36,000,000
- **Question and answer period**
 - Director Lawson requested a future breakdown on the status of the grant applications.
 - Mr. Houghton stated more information will be provided at the request of Director Trujillo for the next Board meeting.
 - Cost of fuel and monitoring; increase in projection of new station costs; annual report on sick leave usage—figures can be provided.
 - Fire Captain Monahan clarified the \$11 million deficit figure as a transfer of reserves of which a major part is designated for the Capital Improvement Program. Salaries and Benefits increased but 44 personnel were added for an increase in service to the public – still on track at 83% in the 1000 Account. Board set policy for Undesignated Reserves at 5% and it is at 12%.

Fire Chief Martinez confirmed the \$11 million is not operating costs. It is the funding of a pre-planned expenditure, primarily for the fire station construction costs.

- Director Lawson requested future information on the cost and loss of revenue for services provided to redevelopment areas within our Metro District.

Fire Chief Martinez suggested that Assistant Chief Haverty's presentation on Economic Development and Planning will provide more information which may help in refining the questions.
- Finance Director Houghton especially acknowledged Theresa Whitcomb for all her work on the slide presentation.
- Board President Granados thanked Finance Director Houghton and staff on behalf of the Board for the presentation.

Next two items not presented for lack of time.

REVIEW FINANCIAL AUDIT—(Granados/Houghton)

ECONOMIC DEVELOPMENT AND PLANNING COMMITTEE—(Haverty)

ADJOURNMENT: Meeting adjourned at 11:50 a.m.

Gregory A. Granados, President

Matt Kelly, Secretary

Charlotte Tilson, Board Clerk